



Montgomery County Council

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Developers pay more, commuters get more relief...

COUNCIL UNANIMOUSLY APPROVES DEVELOPMENT IMPACT TAX TO DOUBLE COUNTY SPENDING ON ROADS, TRANSIT

The Montgomery County Council today unanimously approved the first county-wide development impact tax on new development and earmarked the resulting monies to more roads and transit for beleaguered commuters – effectively doubling County spending on transportation.

The measure, sponsored by Council President Steve Silverman and County Executive Doug Duncan, would raise an estimated \$6.5 million annually when fully implemented, which would be matched by an identical amount from County taxpayers. The resulting total of \$13 million would more than double the existing County transportation spending of \$12 million.

“Traffic congestion remains the number one threat to our families’ quality of life,” said Silverman. “Today, we are putting our money where our mouth is by requiring developers throughout the County to pay more so we can all spend less time on the road and more time with our families.”

Until today, development impact taxes – a common tool throughout the region for helping to pay for the public costs of developers’ projects -- applied only in the Germantown, East County, and Clarksburg areas. The legislation approved today establishes a fourth district encompassing the rest of the County, including municipalities

(more...)

page two

“By voting to pass the development impact tax today, the Council has overcome more than a decade of inertia on making development pay its fair share,” said Councilmember Marilyn Praisner. “I am extremely proud that my bill was the catalyst to break the deadlock.”

Developers in the new district would be required to pay an estimated \$2,100 per typical single-family dwelling or townhouse and \$1,100 per apartment, while paying \$1.50 per square foot for office and retail development and \$1.00 per square foot for industrial use.

The bill also:

- Sets a tax rate of zero for biotechnology companies, whose development have been strongly supported by the Council;
- Charges only half the rate for new development in Metro Station Policy Areas, in order to encourage “smart growth” there;
- Allows flexibility to use taxes raised in one area by the new tax to address congestion problems wherever they arise;
- Sets a tax rate of zero for hospitals;
- Exempts housing developments if at least 20 percent of its units are affordable housing;
- Allows developers credit against the tax for transportation improvements that add transportation capacity and/or reduce demand;
- Exempts any previously approved development for which a building permit is issued in the first year after the bill takes effect on July 1, 2002;
- Phases in the tax rates over the following 18 months; and
- Specifies that no more than 10 percent of impact tax revenues can be spent on transportation projects such as bus shelters, hiker-biker trails, and sidewalk connectors, except in Metro Station Policy areas.

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